

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Michael J. Kilroy, President
In-Sync Interactive Corporation, d.b.a. ISIC
In-Sync Interactive Management Company, d.b.a. ISMIC
405 Via Chico, Suite 2
Palos Verdes Estates, California 90274

DESIST AND REFRAIN ORDER

(For violations of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. In-Sync Interactive Corporation, doing business as ISIC, ("ISIC") is a Delaware corporation, which incorporated on June 6, 1995. ISIC was purportedly organized as a holding company with 29 wholly-owned subsidiary corporations, each of which were referred to by the words " In-Sync Interactive" followed by the name of a geographical location or city located in the United States. For example, In-Sync Interactive Modesto Inc., In-Sync Interactive Monterey Inc., In-Sync Interactive Santa Barbara Inc., In-Sync Interactive Ventura Inc. and In-Sync Interactive Yuba City Inc., are just some of the wholly-owned subsidiaries. Each of the subsidiaries was managed by ISIC's affiliate, In-Sync Interactive Management Company doing business as ISMIC ("ISMIC"). At relevant times, all of the foregoing entities were located at 405 Via Chico, Palos Verdes Estates, California, but not one filed with the California Secretary of State.

2. At all relevant times, Michael J. Kilroy ("Kilroy") acted as the president, chief executive officer and founder of ISIC and ISMIC.

3. In 1999 and continuing thereafter, Kilroy represented that ISIC's "licensed footprint" of communication services covered an "aggregate population" of "approximately 49.2 million persons" or "roughly 21% of the U.S. population of 240 million."

4. ISIC, ISMIC, or Kilroy provided documents to potential investors, which state that the company has secured 33 licenses from the Federal Communications Commission ("FCC") to provide wireless services to cover an aggregate population of approximately 80 to 100 million people in the U.S. They further represented that they would use investors' funds for the business and that

[T]he Company has secured licenses . . . to create, at a low cost basis, a proprietary national footprint of high quality wireless spectrum. The deployment of the described infrastructure will enable the Company to . . . generate revenue . . . and create diverse revenue streams . . . profitability should be achieved by the end of the year five.

5. By 2001 all of the ISIC subsidiaries managed by ISMIC were in bankruptcy.

6. ISIC, ISMIC, or Kilroy, and others acting in concert or participation with them, offered or sold securities in the form of shares of common stock to the public. These securities were offered or sold in this State in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell these securities in this State.

7. In connection with the offers or sales of securities, ISIC, ISMIC, or Kilroy made, or caused to be made, misrepresentations and omissions of material facts in connection with the offers or sales of the securities to the public.

a. The misrepresentations of material facts include:

- (1) ISIC is poised to become the leading wholesale provider of inexpensive, high-speed data services to mobile Internet Protocol computing devices; and
- (2) ISIC's wireless radio modem miniaturization would be the surface area of a postage stamp.

b. The omissions of material facts include:

- (1) Kilroy had formed several other corporations which were suspended corporations or not in good standing with the California Secretary of State's Office;

(2) Kilroy had been a defendant in numerous civil lawsuits; and

(3) ISIC, ISMIC and Kilroy failed to comply with the qualification requirements of the California Corporate Securities Law.

Based upon the foregoing, the California Corporations Commissioner is of the opinion that the shares of common stock are securities subject to qualification under the California Corporate Securities Law of 1968, and are being or have been offered or sold without being qualified.

Pursuant to section 25532 of the Corporate Securities Law of 1968, In-Sync Interactive Corporation, d.b.a. ISIC, In-Sync Interactive Management Company, d.b.a. ISMIC, and Michael J. Kilroy are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities in the form of shares of common stock unless and until qualification has been made under said law or unless exempt. The sale of such securities is subject to qualification under said law and such securities are being or have been offered for sale without first being so qualified.

Further, the California Corporations Commissioner is of the opinion that the securities that In-Sync Interactive Corporation, d.b.a. ISIC, In-Sync Interactive Management Company, d.b.a. ISMIC, or Michael J. Kilroy offered or sold in this State were by means of written or oral communications which included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of 1968.

Pursuant to section 25532 of the Corporate Securities Law of 1968, In-Sync Interactive Corporation, d.b.a. ISIC, In-Sync Interactive Management Company, d.b.a. ISMIC, or Michael J. Kilroy made, or caused to be made, misrepresentations or omissions of material facts in connection with the offers or sales of securities and are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any security in the State of California by means of any written or oral communication, which includes an untrue

1 statement of a material fact or omits to state a material fact necessary in order to make the
2 statements made, in the light of the circumstances under which they were made, not
3 misleading.

4 These Orders are necessary, in the public interest, for the protection of investors
5 and consistent with the purposes, policies, and provisions of the Corporate Securities
6 Law of 1968.

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8 Dated: July 31, 2003
9 Los Angeles, California

10 DEMETRIOS A. BOUTRIS
11 California Corporations Commissioner

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13 By _____
14 ALAN S. WEINGER
15 Supervising Counsel
16 Enforcement and Legal Services
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